

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
JANUARY 24, 2007

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chairman
Caldwell, Gene, M.D., Vice Chair
Atchley, Bryan
Gaither, Keith, designee for the TennCare Director
Handorf, Charles, M.D.
Lammert, Gregory
Morris, John, designee for the Commissioner of Commerce and Insurance
Troy, Peggy
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Jones, Clark

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Brogden, Reid, General Counsel
Christoffersen, Jim, Deputy General Counsel
Craighead, Alecia, Statistical Analyst III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager
Grimm, Jeff, Health Planner III

GUESTS PRESENT

Algoods, Richard, SHI
Baker, E. Graham, Jr., Esq., Weeks, Anderson, & Baker
Barnes, Jonathan, Maxim Healthcare
Beaty, Ellen
Beck, Joan, Uplands Retirement Village
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry
Brown, Dere, NHC
Brown, Laura, Rehab Coordinator, NHC
Butstetler, Laura, Williamson Medical Center
Carobene, Joe, Department of Mental Health and Developmental Disabilities
Cash, Patrick K., M.Ed., M.P.H., Executive Director, Hospice of Cumberland County
Chaffin, Paula, Area Director of Clinical Services, Lazarus House of Hospice
Cooper, Craig D.
Corritore, Danell, Department of Health
Crockett, Darren, Assistant Administrator, Caris Healthcare
Culp, Joe, Department of Health
Davidson, Steve, Chief Development Officer, Psychiatric Solutions, Inc.
Day, Edwin, Consultant
Dickens, Patricia, Community Relations, Lazarus House Hospice
Duncan, Bruce, NHC
Duttis, Gerald, THMIN
Elrod, Dan H., Esq., Miller & Martin
Eungard, Lawrence
Ferrari, Chad, Ferrari Partners

Fields, Talbot, Vice President, Caris Healthcare
Foss, R. Coleman, CEO, Dyersburg Regional Medical Center
Foulke, Mark, Vice President, Sumner Regional Health Systems
Fowler, Michelle, Stones River Hospital
Galmos, Al, Reingrubn
Gooch, Warren, Esq., Kramer, Rayson
Grace, Frank, Jr., Esq., Waller, Lansden, Dortch & Davis
Groves, Marni, The Heritage at Brentwood
Harrison, Mary J., Senior Vice President, Life Care Services, LLC
Haywood, Sue, Nashville Gastroenterology
Heath, Susan, CEO, Vanderbilt Stallworth
Hecken, Stephan, Vanderbilt Medical Center
Herring, Robert W., Jr., M.D., Nashville Gastrointestinal Specialists
Herron, Leron, Mayor, Town of Thompson's Station
Hill, Ronald, Vanderbilt University Medical Center
Himell, Nancy, Executive Director, Uplands Retirement Village
Houchin, Barbara, St. Thomas Health System
Johnson, Wanda, Stones River Hospital
Johnston, Ben, CEO, Hospice of Chattanooga
Khim, Mary
Lawrence, Judy, Nashville Rehabilitation Hospital
Lepley, Stephen, Home Care Solutions
Little, Barbara F., Vice President & Director of Compliance, Life Care Services, LLC
Looney, Kim, Esq., Waller, Lansden, Dortch & Davis
Mason, Amy, Esq., Chambliss, Bahner & Stophel
McRae, Norman, Caris Healthcare
Melvin, Terry, M.D., Medical Director, Hospice of Chattanooga
Mitchell, Christopher A., Area Vice President, Lazarus House Hospice
Monnig, Jack A., M.D., Urologist, Dyersburg Regional Medical Center
Page, Cindy, Administrator, Caris Healthcare
Penny, Linda, Comptroller's Office
Poling, Becki, Department of Mental Health and Developmental Disabilities
Rich, Leslie, Vanderbilt Stallworth Rehabilitation
Sanford, Chip, Administrator, Carthage General/Smith County Memorial
Sargent, Honorable Charles, State Representative
Smith, Charles W., C.W. Smith Architect
Sparks, Teresa
Stephenson, Kate, Esq., Trauger & Tuke
Tagatz, Jon, LCS
Taylor, Faleecia, Nashville Gastrointestinal Specialists
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC
Thompson, Ann, Director, Health Care Facilities, Department of Health
Trauger, Byron, Esq., Trauger & Tuke
West, William, Esq.,
Winningham, Lorie
Witzky, Touby, Nashville Rehabilitation Hospital

Chairman Koella called the meeting to order at 8:30 a.m. in Rooms D-G of the Gaylord Entertainment Center, Nashville, Tennessee.

CHAIR'S ANNOUNCEMENTS

Mr. Koella stated that the Audit Committee will meet at the end of the February 28, 2007 meeting. A workshop on nursing home survey requirements will be before the Audit Committee meeting.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, stated that three items were deferred (Next Generation Imaging, Millennium MRI and SeniorHealth of Rutherford); NHC withdrew opposition to Home Health Care Services; and additional letters of opposition for Harpeth Hospital were received.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Hospice of Cumberland County, Inc. - (Crossville, Cumberland County) - Project No. CN0608-056

Moved on Agenda

Mr. Lammert recused.

Home Health Care Services, LLC - (Brentwood, Williamson County) - Project No. CN0608-061

To provide home health services to the residents of The Heritage of Brentwood, a continuing care retirement community located at 900 Heritage Way, Brentwood (Williamson County), TN 37027. Project Cost \$29,100.00.

Frank Grace, Jr., Esq., representing the applicant, addressed the Agency. Barbara F. Little, Vice President & Director of Compliance, Life Care Services, LLC, and Mary J. Harrison, Senior Vice President, Life Care Services, LLC, spoke on behalf of the project.

Ms. Troy moved for approval of the project based on: 1) Need – The project does meet the need; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. **CONDITION: Limited to the patients of The Heritage of Brentwood.** Mr. Atchley seconded the motion. The motion CARRIED [8-0-0]. APPROVED

AYE: Gaither, Weaver, Handorf, Caldwell, Atchley, Troy, Morris, Koella

NAY: None

Dr. Handorf recused.

Dyersburg Regional Medical Center - (Dyersburg, Dyer County) - Project No. CN0609-070

The initiation of extracorporeal shockwave lithotripsy services on a bi-weekly basis (26 days per year), using leased mobile lithotripsy equipment on the campus of Dyersburg Regional Medical Center. Project Cost \$355,000.00.

William H. West, Esq., representing the applicant, addressed the Agency. Jack A. Monnig, M.D., Urologist, Dyersburg Regional Medical Center and R. Coleman Foss, CEO, Dyersburg Regional Medical Center spoke on behalf of the project.

Dr. Caldwell moved for approval of the project based on: 1) Need – There are no current providers in the area; 2) Economic Feasibility – The project is economically feasible with cash reserves available; and 3) The project does contribute to the orderly development of adequate and effective health care as they are offering a service in an area where there is no current service available. Ms. Troy seconded the motion. The motion CARRIED [8-0-0]. APPROVED

AYE: Gaither, Weaver, Caldwell, Atchley, Lammert, Troy, Morris, Koella

NAY: None

Harpeth Hospital, LLC - (Thompson's Station, Williamson County) - Project No. CN0609-071

The construction and establishment of a sixty-eight (68)-bed general hospital providing medical detoxification, psychiatric and rehabilitation services. Distribution of beds will be as follows: Medical detoxification, (9-beds); psychiatric (32-beds adult and geriatric); medical rehabilitation (27-beds). This facility will service Williamson, Marshall and Maury counties. Project Cost \$39,584,866.00.

William West, Esq., representing the applicant, addressed the Agency. Kevin D. Lee, President, SeniorHealth and Rodger Klein, COO, Williamson Medical Center spoke on behalf of the project. Speaking in support were: Honorable Charles Sargent, State Representative; Tom Gorman, M.D., Williamson Medical

Center. Present in support of the project were: Jeff Vose, Vice President, SeniorHealth and Warren L. Gooch, Esq.

Opposition: Byron Trauger, Esq., representing Vanderbilt Stallworth Rehabilitation Hospital; Dan Elrod, Esq., representing NHC, and Vanderbilt Psychiatric Hospital; Leron Herron, Mayor, Town of Thompson's Station; and Craig D. Cooper. Present in opposition were: Michael Brent, Esq., representing Nashville Rehabilitation Hospital; Steve Davidson, Chief Development Officer, Psychiatric Solutions, Inc.; Susan Heath, CEO, Vanderbilt Stallworth; Teresa Sparks; and Laura Brown, Rehab Coordinator, NHC.

Joe Carobene, Department of Mental Health and Developmental Disabilities, responded to questions by members.

Mr. West rebutted opposition.

Mr. Elrod provided summation for the opposition.

Mr. West provided summation for the applicant.

Dr. Handorf moved for denial of the project based on: 1) Need – The need for rehabilitation hospital beds has not been established. The hard data that has been presented shows a decrease in need for additional beds; 2) The project does not contribute to the orderly development of adequate and effective health care as there is conflicting evidence presented on the need for type and distribution of psychiatric beds. Mr. Atchley seconded the motion. The motion CARRIED [5-3-1]. **DENIED**

AYE: Gaither, Handorf, Atchley, Troy, Morris

NAY: Caldwell, Lammert, Koella

ABSTAINED: Weaver

Hospice of Cumberland County, Inc. - (Crossville, Cumberland County) - Project No. CN0608-056

Expansion of hospice services to include Bledsoe, Fentress and White counties to the existing service area of Cumberland County. Project Cost \$3,000.00.

Graham Baker, Esq., representing the applicant, addressed the Agency and Patrick K. Cash, M.Ed., M.P.H., Executive Director spoke on behalf of the project. Speaking in support of the project were: Ellen Beatty, Lorie Winningham and Lawrence Eungard.

Speaking in opposition of the project were: Kim Looney, Esq., representing Lazarus House Hospice; Christopher A. Mitchell, Area Vice President, Lazarus House Hospice; Dan H. Elrod, Esq., representing Caris HealthCare; Amy Mason, Esq., representing Hospice of Chattanooga; Darren Crockett, Assistant Administrator, Caris Healthcare; and Ben Johnston, CEO, Hospice of Chattanooga. Present in opposition of the project were: Paula Chaffin, Area Director of Clinical Services, Lazarus House of Hospice; Patricia Dickens, Community Relations, Lazarus House Hospice; Terry Melvin, M.D., Medical Director, Hospice of Chattanooga; Talbot Fields, Vice President, Caris Healthcare; and Cindy Page, Administrator, Caris Healthcare.

Mr. Baker rebutted opposition.

Ann Thompson, Department of Health, Health Care Facilities, and Danell Corritore, Department of Health, Health Care Statistics, responded to questions from the members.

Mr. Elrod and Ms. Mason summated for opposition.

Mr. Baker summated for applicant.

Dr. Handorf moved for denial of the project based on: 1) Need – The need has not been established by the ample number of providers with capacity in the counties that are requested. Mr. Lammert seconded the motion. The motion CARRIED [9-0-0]. **DENIED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella

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NAY: None

May Cravath Wharton Nursing Home - (Pleasant Hill, Cumberland County) - Project No. CN0610-083

Construction of a replacement facility for a currently licensed sixty-two (62) bed intermediate care nursing home. The new facility will be located on the west side corner of West Lake Road and Main Street directly southwest of the current location. Project Cost \$4,489,192.00. *These beds are not subject to the 125 Nursing Home Bed Pool for 2006-2007

Nancy Himell, Executive Director, Uplands Retirement Village, addressed the Agency.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is amply demonstrated by the occupancy of the current facility which is antiquated and in need of remodeling; 2) Economic Feasibility – The project is economically feasible with an adequate combination of cash reserves, fund-raising and short term financing; and 3) The project does contribute to the orderly development of adequate and effective health care as they are a TennCare provider, and licenses are in place. Ms. Weaver seconded the motion. The motion CARRIED [9-0-0]. APPROVED

AYE: Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella

NAY: None

Next Generation Imaging, LLC - (Nashville, Davidson County) - Project No. CN0610-084

The establishment of an outpatient diagnostic center (ODC), the acquisition of a stand up magnetic resonance imaging (MRI) unit, and the initiation of MRI services. Millennium MRI, LLC has applied for a Certificate of Need to share this scanner at this location. Project Cost \$1,977,027.33.

DEFERRED TO THE APRIL 25, 2007 MEETING

Millennium MRI, LLC - (Nashville, Davidson County) - Project No. CN0610-085

The establishment of an outpatient diagnostic center (ODC), the acquisition of a stand up magnetic resonance imaging (MRI) unit, and the initiation of MRI services limited to the practice of David McCord, M.D. Next Generation Imaging, LLC has applied for a Certificate of Need to share this scanner at this location. Project Cost \$665,530.00.

DEFERRED TO THE APRIL 25, 2007 MEETING

Southern Endoscopy Center - (Nashville, Davidson County) - Project No. CN0610-087

The relocation of an existing ambulatory surgical treatment center (ASTC) being 2,700 feet from the existing location from 397 Wallace Road, Suite C407 to 330 Wallace Road, Nashville (Davidson County), TN 37211. The center's three (3) procedure rooms in 2,447 square feet will remain unchanged. Project Cost \$789,392.76.

Faleecia Taylor, Administrator, and Robert W. Herring, Jr., M.D., Nashville Gastrointestinal Specialists were present on behalf of the project.

Ms. Troy moved for approval of the project based on: 1) Need – The need has been established for this existing specialized ASTC that is well utilized at 133% of the standard; 2) Economic Feasibility – The project is economically feasible through a loan and real estate lease; and 3) The project does contribute to the orderly development of adequate and effective health care as they serve a significant TennCare population. Dr. Handorf seconded the motion. The motion CARRIED [9-0-0]. APPROVED

AYE: Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella

NAY: None

Carthage General Hospital - (Carthage, Smith County) - Project No. CN0610-088

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The discontinuance of obstetrical services. Obstetrical services will be available at Smith County Memorial Hospital located in Carthage (Smith County) and owned by Sumner Regional Health Systems. The number of licensed beds will not change as a result of this project. Project Cost \$25,000.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Present on behalf of the project were: Chip Sanford, Administrator, Carthage General/Smith County Memorial; Mark Foulke, Vice President, Sumner Regional Health Systems; and Edwin W. Day, Consultant.

Mr. Lammert moved for approval of the project based on: 1) Need – There is a need for these services to be continued in that area; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care as the applicant is moving the services to a sister hospital within a couple of miles. **CONDITION: Notification to be received from Smith County Memorial Hospital that obstetric services are being provided. A statement is to be added to the CON stating that these services will be provided at Smith County Memorial Hospital.** Ms. Weaver seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

SeniorHealth of Rutherford, LLC - (Murfreesboro, Rutherford County) - Project No. CN0610-089

The construction and establishment of a sixty (60)-bed general hospital providing medical detoxification, psychiatric and rehabilitation services. The distribution of beds will be as follows: Medical detoxification (9 beds); psychiatric-adult and geriatric (24 beds), and medical rehab services (27 beds). This facility will serve Rutherford and Bedford counties. Project Cost \$29,893,000.00.

DEFERRED TO THE FEBRUARY 28, 2007 MEETING

GENERAL COUNSEL'S REPORT

Mr. Christoffersen and Mr. Brogden gave a brief update of Contested Cases.

OTHER BUSINESS

Ms. Hill gave a brief update of the data study being conducted by the Department of Finance and Administration. Ms. Hill reminded members that Department of Health and Tennessee Health Care Association would provide an inservice on nursing home survey requirements in February.

CURRENT REPORTS

Statistical Reports

The reports were accepted into the record.

Finance, Ways and Means Committee Reports

The reports were accepted into the record.

Minutes

The minutes of the December 20, 2006 meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director